DECLAN RESOURCES INC.

Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

Six Month Period Ended
March 31, 2016

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements. The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Declan Resources Inc.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	March 31, 2016 ($)	September 30, 2015 ($)
ASSETS		
Current assets		
Cash	3,032	512
Receivables (Note 4)	3,948	3,660
Short-term investments (Note 5)	486,000	200,000
Prepaid expenses	43,348	46,574
Deposits (Note 6)	-	32,413
	536,328	283,159
Restricted deposits (Note 7)	11,500	11,500
Exploration and evaluation assets (Note 8)	18,774	8,774
	566,602	303,433
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	589,728	1,103,221
Current portion of notes payable (Note 10)	61,449	401,843
	651,177	1,505,064
Notes payable (Note 10)	927,905	-
	1,579,082	1,505,064
Shareholders' equity (deficiency)		
Share capital (Note 11)	18,107,921	18,097,921
Share-based payments reserve (Note 11)	1,554,336	1,554,336
Deficit	(20,674,737)	(20,853,888)
	(1,012,480)	(1,201,631)
	566,602	303,433

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 16)

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 6, 2016. They are signed on behalf of the Board of Directors by:

"Michelle Gahagan"
Director

"Wayne Tisdale"
Director

Declan Resources Inc.

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian Dollars)
(Unaudited)

	Three Month Period Ended March 31, 2016	Three Month Period Ended March 31, 2015	Six Month Period Ended March 31, 2016	Six Month Period Ended March 31, 2015
	($)	($)	($)	($)
EXPENSES				
Consulting fees	7,918	9,660	12,575	19,321
Exploration and evaluation expenditures (Note 8)	-	484,985	-	599,383
Finance fees (Note 10 and 12)	23,437	7,025	33,811	8,962
Foreign exchange loss	(4,384)	4,237	(4,384)	5,858
Insurance	3,227	1,535	3,227	3,104
Investor relations	382	23,596	711	63,105
Management fees (Note 12)	15,000	51,816	30,000	100,623
Office and miscellaneous	8,535	36,786	16,742	61,447
Professional fees (Note 12)	14,483	21,830	26,662	35,330
Share-based compensation (Note 11 and 12)	-	41,063	-	97,251
Transfer agent and filing fees	16,764	2,617	25,133	12,799
Travel	8,259	28,722	11,067	40,404
Loss from operations	(93,621)	(713,872)	(155,544)	(1,047,587)
Interest income	30	54	55	116
Change in fair value of short-term investments (Note 5)	122,000	(30,000)	316,000	(30,000)
Gain on third party interest in exploration and evaluation	-	163,406	-	163,406
Gain on disposal of short-term investments (Note 5)	9,400	-	18,640	-
Write-off of exploration and evaluation assets (Note 8)	-	(86,385)	-	(86,385)
Net income (loss) and comprehensive income (loss)	37,809	(666,797)	179,151	(1,000,450)
Basic and diluted earnings (loss) per common share	0.00	(0.00)	0.00	(0.01)
Weighted average common shares outstanding:				
Basic	177,095,209	175,095,209	176,712,695	174,767,393
Diluted	177,095,209	175,095,209	176,712,695	174,767,393

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Declan Resources Inc.

Condensed Interim Consolidated Statement of Changes in Shareholders` Equity (Deficiency)
(Expressed in Canadian Dollars)
(Unaudited)

	Number of Shares	Amount	Share-based Payments Reserve	Deficit	Total Shareholders' Equity (Deficiency)
		($)	($)	($)	($)
Balance at September 30, 2014	**173,482,709**	**18,065,671**	**1,430,822**	**(18,318,062)**	**1,178,431**
Shares issued for exploration and evaluation assets	1,500,000	30,000	-	-	30,000
Shares issued for finder's fee	112,500	2,250	-	-	2,250
Share-based compensation	-	-	97,251	-	97,251
Net loss	-	-	-	(1,000,450)	(1,000,450)
Balance at March 31, 2015	**175,095,209**	**18,097,921**	**1,528,073**	**(19,318,512)**	**307,482**
Share-based compensation	-	-	26,263	-	26,263
Net loss	-	-	-	(1,535,376)	(1,535,376)
Balance at September 30, 2015	**175,095,209**	**18,097,921**	**1,554,336**	**(20,853,888)**	**(1,201,631)**
Shares issued for exploration and evaluation assets	2,000,000	10,000	-	-	10,000
Net income	-	-	-	179,151	179,151
Balance at March 31, 2016	**177,095,209**	**18,107,921**	**1,554,336**	**(20,674,737)**	**(1,012,480)**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Declan Resources Inc.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Six Month Period Ended March 31, 2016	Six Month Period Ended March 31, 2015
	($)	**($)**
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net income (loss)	179,151	(1,000,450)
Items not affecting cash:		
Share-based compensation	-	97,251
Accrued interest	33,811	8,962
Change in fair value of short-term investments	(316,000)	30,000
Gain on disposal of short-term investments	(18,640)	-
Gain on third party interest in exploration and evaluation assets	-	(163,406)
Write-off of exploration and evaluation assets	-	86,385
Changes in non-cash working capital items:		
Decrease (increase) in receivables	(288)	(14,065)
Decrease in deposits	32,413	(32,413)
Increase in prepaid expenses	3,226	68,116
Increase (decrease) in accounts payable and accrued liabilities	(3,493)	390,050
CASH USED IN OPERATING ACTIVITIES	(89,820)	(529,570)
FINANCING ACTIVITIES		
Repayment of notes payable	(25,000)	-
Proceeds from notes payable	68,700	331,850
CASH PROVIDED BY FINANCING ACTIVITIES	43,700	331,850
INVESTING ACTIVITIES		
Option proceeds from exploration and evaluation asset	-	206,527
Proceeds from the disposal of short-term investments	48,640	-
CASH PROVIDED BY INVESTING ACTIVITIES	48,640	206,527
CHANGE IN CASH DURING THE PERIOD	2,520	8,807
CASH - BEGINNING OF PERIOD	512	4,087
CASH - END OF PERIOD	3,032	12,894

Supplemental Cash Flow Information (Note 17)

1. NATURE OF OPERATIONS AND GOING CONCERN

Declan Resources Inc. ("the Company") was incorporated on August 25, 2005 under the laws of British Columbia. The Company's head office and registered and records office is Suite 302 – 1620 West 8th Ave, Vancouver, BC, V6J 1V4, Canada. The Company is traded on the Canadian Securities Exchange ("CSE").

The Company is a mineral exploration company focused on acquiring, exploring and developing exploration and evaluation assets in Canada.

At the date of the condensed interim consolidated financial statements, the Company has not identified a known body of commercial grade mineral on any of its exploration and evaluation assets. The ability of the Company to realize the costs it has incurred to date on exploration and evaluation assets is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the exploration and evaluation assets. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

The condensed interim consolidated financial statements have been prepared assuming the Company will continue on a going concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. These condensed interim consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In addition, management closely monitors the price of uranium, developments in the uranium market, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur.

The Company estimates that it will need additional capital to operate for the upcoming year. The Company believes such financing will be available as required, however, there can be no assurance that the Company will be successful in its future financing attempts. These material uncertainties may cast doubt on the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations committee. They do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and, therefore, should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2015, prepared in accordance with IFRS as issued by the IASB.

Basis of presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information and for certain financial assets measured at fair value.

2. BASIS OF PRESENTATION (continued)

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the parent and its subsidiaries.

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the condensed interim consolidated financial statements.

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Declan Resources (Wyoming) LLC	U.S.A.	100%	Exploration in U.S.A.
Talos Minerals Ltd.	Canada	100%	Holding Company
Revonah Resources (SL) Ltd.	Sierra Leone	85%	Exploration in Sierra Leone
Greenstone Minerals (SL) Ltd.	Sierra Leone	85%	Exploration in Sierra Leone

Use of estimates and judgments

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other facts and circumstances. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) Deferred income taxes

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. The Company has adequately provided for all income tax obligations, however; changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in the Company's provision for deferred income taxes.

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments (continued)

ii) Share-based compensation

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model, which incorporates market data and involves uncertainty in estimates used by management in the assumptions. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, and, as a result, changes in subjective input assumptions can materially affect the fair value estimate.

Significant judgments that management has made at the end of the reporting period are as follows:

i) Determination of functional currency

The functional currency of the Company and its subsidiary is the currency of the primary economic environment in which each entity operates. The Company has determined the functional currency of each entity to be the Canadian dollar. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

ii) The carrying value and the recoverability of exploration and evaluation assets

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

3. NEW ACCOUNTING STANDARDS

Effective October 1, 2015, the Company adopted the following new and amended IFRS pronouncement.

<u>New standards, amendments and interpretations to existing standards</u>

The following standard was adopted during the period:

IFRS 7, Financial Instruments – Disclosure

Amended to require additional disclosures on transition from IAS 39 to IFRS 9.

The adoption of this new and revised standard did not have a material effect on these condensed interim consolidated financial statements.

3. NEW ACCOUNTING STANDARDS (CONTINUED)

New standards, amendments and interpretations to existing standards not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's condensed interim financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective. The pronouncements are being assessed to determine their impact on the Company's results and financial position.

The following standards, amendments to standards and interpretations have been issued for annual periods beginning on or after January 1, 2016 but are not yet effective:

IFRS 11, Joint arrangements

This standard was amended to provide specific guidance on accounting for the acquisition of an interesting in a joint operation that is a business.

IAS 16, Property, plant and equipment and IAS 38, Intangible assets

These standards were amended to prohibit the use of revenue-based depreciation methods for property, plant and equipment and limit the use of revenue-based amortization for intangible assets.

The following standards, amendments to standards and interpretations have been issued for annual periods beginning on or after January 1, 2018 but are not yet effective:

IFRS 9, Financial Instruments – Classification and Measurement

IFRS 9 is a new standard on financial instruments that will replace IAS 39*, Financial Instruments: Recognition and Measurement.*

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

IFRS 15, Revenue from Contracts with Customers

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service*.

The following standards, amendments to standards and interpretations have been issued for annual periods beginning on or after January 1, 2019 but are not yet effective:

(Expressed in Canadian dollars)

3. NEW ACCOUNTING STANDARDS (CONTINUED)

IFRS 16, Leases

This standard was issued in January 2016 and specifies how an issuer will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset has an insignificant value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The Company has not yet assessed the potential impact of the application of these standards, nor determined whether it will adopt the standards early.

4. RECEIVABLES

	March 31, 2016	September 30, 2015
	($)	($)
GST receivable	2,936	2,681
Other receivables	697	719
Interest receivable	315	260
	3,948	3,660

5. SHORT-TERM INVESTMENTS

Short-term investments consists of common shares of Opal Energy Corp. ("Opal'"), a Canadian publicly traded company, with an original acquisition cost of $280,000. The Company has classified it short-term investments as fair value through profit or loss.

During the six month period ended March 31, 2016, the Company recorded an unrealized gain of $316,000 (2015 - $30,000 loss). In addition, the Company recorded a gain of $18,640 (2015 - $Nil) from the disposal of 200,000 common shares of Opal for cash proceeds of $48,640.

As at March 31, 2016, the Company held 1,800,000 (September 30, 2015 – 2,000,000) common shares of Opal.

6. DEPOSITS

As at March 31, 2016, deposits consisted of $Nil (September 30, 2015 - $32,413) held by the Government of Saskatchewan with respect to outstanding exploration work commitments on the Davidson River property.

7. RESTRICTED DEPOSITS

As at March 31, 2016, restricted deposits consisted of $11,500 (September 30, 2015 - $11,500) held in a guaranteed investment certificate as collateral for a corporate credit card.

(Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS

The Company issued 2,000,000 common shares with a fair value of $10,000 as acquisition costs in connection with the Firebag River property during the six month period ended March 31, 2016.

A schedule of exploration and evaluation asset acquisition costs during the year ended September 30, 2015 is as follows:

Property	As at September 30, 2014	Cash	Other	Shares	Option Payments	Write-offs and Disposals	As at September 30, 2015
	($)	($)	($)	($)	($)	($)	($)
Firebag River	290,871	-	2,250	30,000	(323,121)	-	-
Patterson Lake NE	548,780	-	-	-	-	(548,780)	-
North Star	202,923	-	-	-	-	(202,923)	-
Thorburn Lake	44,827	-	-	-	-	(44,827)	-
Jackfish Creek	44,827	-	-	-	-	(44,827)	-
Maurice Creek	86,385	-	-	-	-	(86,385)	-
Maybelle North	131,210	-	-	-	-	(131,210)	-
Archer Lake	148,885	-	-	-	-	(148,885)	-
Davidson River	41,558	-	-	-	-	(41,558)	-
Big Sandy Lake	41,558	-	-	-	-	(41,558)	-
Beatty River	41,558	-	-	-	-	(41,558)	-
Other	8,774	-	-	-	-	-	8,774
Total	1,632,156	-	2,250	30,000	(323,121)	(1,332,511)	8,774

(Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (continued)

The Company did not incur any exploration and evaluation expenditures during the six month period ended March 31, 2016.

A schedule of exploration and evaluation expenditures during the year ended September 30, 2015 is as follows:

Expenditures	Patterson Lake	Maybelle North	Thorburn Creek	Maurice Creek	Davidson River	Big Sandy	Other	Total
	($)	($)	($)	($)	($)	($)	($)	($)
Field work	-	-	-	-	461,232	-	-	461,232
Geological	5,909	2,544	29,279	14,846	34,377	3,659	19,185	109,799
Geophysics	-	-	-	69,901	-	-	-	69,901
Licenses and permits	-	625	-	1,250	1,250	-	-	3,125
Travel	-	-	-	-	4,757	-	-	4,757
	5,909	3,169	29,279	85,997	501,616	3,659	19,185	648,814

(Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (continued)

a) Firebag River Property

On October 24, 2013, as amended on September 23, 2014 and November 26, 2015, the Company entered into a property option agreement to acquire a 100% interest in the Firebag River Property located in Alberta, Canada. To acquire the property, the Company is required make cash payments of $85,000, issue 5,000,000 common shares and complete an exploration work commitment of $300,000 as follows:

	Acquisition in Cash	Acquisition in Shares	Exploration Work Commitments
	($)		($)
On signing of agreement (completed)	45,000	-	-
On approval of agreement by the TSX-V (completed)	40,000	1,500,000	-
November 22, 2014 (completed)	-	1,500,000	150,000
November 5, 2015 (completed)	-	2,000,000	-
November 22, 2016	-	-	150,000
Total	85,000	5,000,000	300,000

On November 5, 2013, 1,500,000 common shares, valued at $135,000, were issued pursuant to the property option agreement. On November 5, 2014, 1,500,000 common shares, valued at $30,000, were issued pursuant to the property option agreement. On November 5, 2015, 2,000,000 common shares, valued at $10,000, were issued pursuant to the property option agreement.

The Optionor retained a 2% net smelter royalty (“NSR”) and a 4% gross overriding royalty (“GORR”) with respect to the production from the property.

A total of 738,750 common shares, valued at $58,613, were issued as a finder’s fee in connection with the acquisition.

On September 23, 2014, as amended on November 26, 2015, the Company entered into a property option amending agreement to modify the terms of the original agreement. The amendment allows for Opal Energy Corp. (“Opal”), a corporation that shares management in common with the Company, to earn up to a 70% interest in the property. The exploration work commitments will be changed from $3,000,000 to $300,000 over a two year period and will be made by Opal. The share issuances will remain the same and will be issued by the Company. In addition, Opal will reimburse exploration expenditures of $71,527, cash acquisition costs of $85,000, make cash payments of $250,000, and issue 4,000,000 common shares as follows:

(Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (continued)

a) Firebag River Property (continued)

	Reimbursement of Costs Incurred	Acquisition in Cash	Acquisition in Shares
	($)	($)	
On approval of agreement by the TSX-V (received)	156,527	-	2,000,000
Within 90 days of TSX-V approval (received)	-	50,000	-
March 2, 2016	-	100,000	1,000,000
March 2, 2017	-	100,000	1,000,000
Total	156,527	250,000	4,000,000

At any time after completion of the option agreement, Opal can earn an additional 5% of the property from the Company by way of issuing 500,000 common shares of Opal to the Company.

At March 31, 2016, the Company had received cash payments of $206,527 and 2,000,000 common shares valued at $280,000 (Note 5). A total $323,121 was recorded as a recovery of exploration and evaluation assets against the capitalized acquisition cost of Firebag River and the remaining amount of $163,406 was recorded in the consolidated statement of loss and comprehensive loss as a gain on third party interest in exploration and evaluation assets.

b) Patterson Lake Property

On September 9, 2013, the Company entered into a property option agreement, subsequently amended on September 9, 2014, to acquire a 100% interest in the Patterson Lake Property located in Saskatchewan, Canada. To acquire the property, the Company must make cash payments of $250,000, issue 4,000,000 common shares and complete an exploration work commitment of $650,000.

The Company issued 4,000,000 common shares, valued at $300,000, and paid $185,000 in acquisition costs pursuant to the property option agreement. A total of 734,211 common shares, valued at $55,066, were issued as a finder's fee in connection with the acquisition. The Company also incurred $8,714 in miscellaneous acquisition costs capitalized to the property.

In June 2015, the Company sold 100% of its rights to the Patterson Lake Property to an unrelated third party for cash proceeds of $75,000. A loss on disposal of $473,780 was recorded during the year ended September 30, 2015.

8. EXPLORATION AND EVALUATION ASSETS (continued)

c) North Star Property

The Company acquired a 100% interest in the North Star Property by making cash payments of $15,000 and issuing 1,500,000 common shares, valued at $165,000. A total of 162,500 common shares, valued at $17,875, were issued as a finder's fee in connection with the acquisition. The Company also incurred $5,048 in miscellaneous acquisition costs capitalized to the property.

During the year ended September 30, 2015, the Company decided to discontinue exploration on the remainder of the North Star property, relinquished its rights to the property and, accordingly, recorded a write-off of $202,923.

d) Six Pack Properties

On March 31, 2014, the Company entered into a property option agreement to acquire a 100% interest in the Six Pack Properties located in Alberta and Saskatchewan, Canada.

To acquire the Jackfish Creek, Maurice Creek, Maybelle North, Richardson River (grouped with Maybelle North), and Thorburn Lake properties, the Company must make cash payments of $100,000, issue 1,500,000 common shares and complete an exploration work commitment of $200,000.

The Company issued 1,500,000 common shares, valued at $112,500, and paid $75,000 in acquisition costs pursuant to the property option agreement. The Company also incurred $3,963 in miscellaneous acquisition costs capitalized to the property.

To acquire the Archer Lake property, the Company must make cash payments of $25,000, issue 1,000,000 common shares and complete an exploration work commitment of $25,000.

The Company issued 1,000,000 common shares, valued at $75,000, and paid $25,000 in acquisition costs pursuant to the property option agreement. A total of 340,909 common shares, valued at $39,205, were issued as a finder's fee in connection with this acquisition. The Company also incurred $792 in miscellaneous acquisition costs capitalized to the property.

During the year ended September 30, 2015, management decided to discontinue exploration on the Six Pack properties, relinquished its rights to the properties and, accordingly, recorded a write-off of $331,460.

(Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (continued)

e) Davidson Group Properties

On July 28, 2014, the Company entered into a property option agreement to acquire a 100% interest in the Davidson Group Properties located in Alberta and Saskatchewan, Canada. To acquire the Maybelle North, Rene Lake (grouped with Archer Lake), Davidson River, Beatty River, Maurice Creek, and Big Sandy Lake properties, the Company must make cash payments of $300,000, issue 7,500,000 common shares and complete an exploration work commitment of $1,500,000.

The Company issued 2,500,000 common shares, valued at $150,000, and paid $50,000 in acquisition costs pursuant to the property option agreement. A total of 616,071 common shares, valued at $36,964, were issued as a finder's fee in connection with the acquisition. The Company also incurred $12,384 in miscellaneous acquisition costs capitalized to the property.

During the year ended September 30, 2015, management decided to discontinue exploration on the Davidson Group properties, relinquished its rights to the properties and, accordingly, recorded a write-off of $249,348.

f) Other

During the year ended September 30, 2014, the Company acquired properties in Saskatchewan by staking six claims at a cost of $8,774. No additional work was performed on these claims during the six month period ended March 31, 2016 or the year ended September 30, 2015.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities is comprised of the following:

	March 31, 2016	**September 30, 2015**
	($)	**($)**
Accounts payable	392,278	407,276
Related party payable (Note 12)	191,450	675,945
Accrued liabilities	6,000	20,000
	589,728	1,103,221

10. NOTES PAYABLE

During the year ended September 30, 2015, the Company issued notes payable for total proceeds of $374,204 (Note 12). The notes bear interest at 10% per annum, payable quarterly, and mature one year from the date of issuance. On October 15, 2015, the Company extended the maturity date of each of the notes to three years from the original issuance date.

During the six month period ended March 31, 2016, the Company repaid $25,000 of existing notes payable and issued four additional notes payable that bear interest at 10% per annum, payable quarterly, and mature three years from the date of issuance for aggregate cash proceeds of $68,700. Furthermore, the Company issued a three year note payable for $510,000 under the same terms to settle existing non-interesting bearing, unsecured demand loans previously classified as accounts payable.

During the six month period ended March 31, 2016, the Company accrued $33,811 (2015 - $8,962) in interest costs, recorded in finance fees.

At March 31, 2016, a total of $61,449 (September 30, 2015 - $27,639) in accrued interest remains outstanding to be paid.

11. SHARE CAPITAL AND RESERVES

a) Authorized share capital

An unlimited number of common shares without par value.

b) Issued share capital

During the six month period ended March 31, 2016, the Company issued 2,000,000 common shares with a value of $10,000 as an option payment pursuant to the Firebag River option agreement (Note 8(a)).

During the year ended September 30, 2015, the Company:

i) issued 1,500,000 common shares with a value of $30,000 as an option payment pursuant to the Firebag River option agreement (Note 8(a)).

ii) issued 112,250 common shares with a value of $2,250 as a finder's fee pursuant to the Firebag River option agreement (Note 8(a)).

c) Stock options

Pursuant to the policies of the TSX-V, the Company may grant incentive stock options to its officers, directors, employees and consultants. The Company has implemented a fixed Stock Option Plan (the "Plan") whereby the Company has reserved 10% of the issued shares for issuance under the Plan. Options have a maximum term of ten years and terminate after a certain number of days following the termination of the optionee's term/employment, except in the case of death, in which case they terminate one year after the event. Vesting is determined by the Board of Directors.

(Expressed in Canadian dollars)

11. SHARE CAPITAL AND RESERVES (continued)

c) Stock options (continued)

At March 31, 2016, the Company had incentive stock options enabling the holders to acquire further common shares as follows:

Expiry Date	Options Outstanding	Options Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Life
			($)	(years)
September 29, 2016	300,000	300,000	0.07	0.50
September 11, 2017	950,000	950,000	0.16	1.45
October 7, 2018	5,000,000	5,000,000	0.09	2.52
November 22, 2018	1,000,000	1,000,000	0.09	2.65
	7,250,000	7,250,000	0.10	2.31

A continuity schedule of outstanding stock options is as follows:

	Number Outstanding	Weighted Average Exercise Price
		($)
Balance – September 30, 2014	11,300,000	0.11
Expired	(1,000,000)	0.15
Forfeited	(750,000)	0.15
Balance – September 30, 2015	9,550,000	0.10
Forfeited	(2,300,000)	0.11
Balance – March 31, 2016	7,250,000	0.10

d) Share purchase warrants

At March 31, 2016, the Company had 29,076,578 outstanding share purchase warrants that are exercisable at $0.11 per share until July 23, 2016.

A continuity schedule of outstanding share purchase warrants is as follows:

	Number Outstanding	Weighted Average Exercise Price
		($)
Balance – September 30, 2014	49,008,886	0.13
Exercised	(19,932,308)	0.15
Balance – September 30, 2015 and March 31, 2016	29,076,578	0.11

(Expressed in Canadian dollars)

12. RELATED PARTY TRANSACTIONS

The Company's key management personnel consist of directors, officers and companies owned or controlled in whole or in part by officers and directors. The following summarizes the Company's related party transactions during the six month periods ended March 31, 2016 and 2015:

Key Management Compensation

	2016 ($)	2015 ($)
Management fees paid or accrued to a corporation controlled by the former Chief Executive Officer ("CEO") of the Company.	-	70,623
Interest expense paid or accrued to corporations controlled by the CEO of the Company.	7,527	806
Geological consulting fees paid or accrued to a director of the Company.	14,250	25,625
Share-based compensation vested for incentive stock options issued to certain officers and directors of the Company.	-	59,033
Professional fees paid or accrued to a corporation controlled by the Chief Financial Officer ("CFO") of the Company.	2,000	-
Professional fees paid or accrued to the former CFO of the Company.	-	27,000
Total	23,777	183,087

a) As at March 31, 2016, a total of $128,634 (September 30, 2015 - $128,634) was included in accounts payable and accrued liabilities owing to a corporation controlled by the former Chief Executive Officer ("CEO") of the Company for management fees.

b) As at March 31, 2016, a total of $3,150 (September 30, 2015 - $1,050) was included in accounts payable and accrued liabilities owing to a corporation controlled by the Chief Financial Officer ("CFO") of the Company for professional fees.

c) As at March 31, 2016, a total of $5,643 (September 30, 2015 - $5,643) was included in accounts payable and accrued liabilities owing to a corporation controlled by a former director of the Company for geological consulting fees.

d) As at March 31, 2016, a total of $25,725 (September 30, 2015 - $21,525) was included in accounts payable and accrued liabilities owing to a director of the Company for geological consulting fees.

e) As at March 31, 2016, a total of $18,003 (September 30, 2015 - $516,936) was included in accounts payable and accrued liabilities owing to two corporations controlled by the CEO of the Company for management fees, interest free loan advances and reimbursable expenses.

f) As at March 31, 2016, a total of $2,157 (September 30, 2015 - $2,157) was included in accounts payable and accrued liabilities owing to a former director of the Company for reimbursable expenses.

12. RELATED PARTY TRANSACTIONS (continued)

g) As at March 31, 2016, a total of $705,961 (September 30, 2015 - $107,018) in notes payable, including accrued interest, was owing to two corporations controlled by the CEO of the Company (Note 10).

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, short-term investments, receivables, restricted deposits, accounts payable and notes payable.

The Company classified its cash and short-term investments as fair value through profit or loss; receivables and restricted deposits as loans and receivables; and accounts payable and notes payable as other financial liabilities. The fair values of cash and short-term investments are measured on the statement of financial position using level 1 of the fair value hierarchy. The fair values of receivables, restricted deposits and accounts payable approximate their book values because of the short-term nature of these instruments.

The carrying amounts of the notes payable approximate fair value as the interest rates were negotiated between the Company and arm's length third parties.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments with the exception of the financial institutions which hold its cash. The Company manages this credit risk by ensuring that these financial assets are placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist primarily of goods and services tax due from the government and other receivables; the balances are in good standing as at March 31, 2016. The Company does not believe it has a material exposure to credit risk.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts which are available on demand. The Company has significant financial liabilities outstanding including accounts payable and accrued liabilities and notes payable. The Company is exposed to the risk that it may not have sufficient liquid assets to meet its commitments associated with these financial liabilities. To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will seek to secure additional funds through long term debt and equity transactions.

Interest rate risk

The Company is exposed to interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. Interest rate risk is minimal as the Company does not have significant interest bearing assets or any variable interest bearing liabilities that are tied into market rates.

Foreign exchange risk

The Company is not exposed to any significant foreign currency risk.

Commodity price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

Political uncertainty

In conducting operations in other countries, the Company was subject to considerations and risks not typically associated with companies operating in North America. These included risks such as the political, economic and legal environments. Among other things, the Company's results may have been adversely affected by changes in the political and social conditions, and by changes in governmental policies with respect to mining laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation.

(Expressed in Canadian dollars)

14. MANAGEMENT OF CAPITAL

The Company manages its common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in certificates of deposit with major financial institutions.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

There have been no changes to the Company's approach to capital management during the six month period ended March 31, 2016.

15. SEGMENTED INFORMATION

The Company operates in one industry segment being the acquisition and exploration of mineral exploration and evaluation assets. The total assets attributable to the geographical locations relate primarily to exploration and evaluation assets and are all located in Canada.

16. COMMITMENTS AND CONTINGENCIES

On August 1, 2015, the Company entered into a cost sharing arrangement agreement for the provision of office space and various administrative services. Under the terms of the agreement, the Company will pay $2,500 plus GST per month commencing on September 1, 2015 and continuing until the expiration of the underlying head lease on July 31, 2018.

Fiscal Year	Amount
	($)
2016	15,000
2017	30,000
2018	25,000

(Expressed in Canadian dollars)

17. SUPPLEMENTAL CASH FLOW INFORMATION

	March 31, 2016	March 31, 2015
	($)	($)
Supplemental Disclosure of Cash Flow Information:		
Shares issued for exploration and evaluation assets	10,000	30,000
Shares issued for finders' fees for acquisition of exploration and evaluation assets	-	2,250
Short-term investments received for third party interest in exploration and evaluation asset	280,000	-
The Company issued a three year note payable to settle accounts payable	510,000	-